

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 7084**

**BILL NUMBER:** SB 225

**NOTE PREPARED:** Apr 10, 2009

**BILL AMENDED:** Apr 9, 2009

**SUBJECT:** Foreclosure and Tenants.

**FIRST AUTHOR:** Sen. Lubbers

**FIRST SPONSOR:** Rep. Day

**BILL STATUS:** 2<sup>nd</sup> Reading - 2<sup>nd</sup> House

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) *Owner Notification of Tenants*- With certain exceptions, The bill requires the former owner of real property that: (1) is the subject of a judgment of foreclosure; and (2) contains up to four rental units; to notify (by registered or certified mail) each tenant of the judgment of foreclosure and of the tenant's rights.

*Termination of Rental Agreement*- The bill permits a tenant of such property to terminate a rental agreement upon written notice delivered to the former landlord. The bill provides that a tenant who terminates a rental agreement is liable for all rent and other charges due under the rental agreement to the effective date of termination, in an amount that is prorated to the effective date of termination, and is not liable for any other rent or charges solely because of the early termination of the rental agreement, but may be liable for other charges for damage to the rental premises.

*Civil Action*- The bill authorizes a tenant to bring a civil action against a former owner or former landlord in certain circumstances.

**Effective Date:** July 1, 2009.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** (Revised) *Civil Action*- A tenant would be able to pursue civil action against their former landowner/landlord to enforce an obligation or obtain a remedy for their noncompliance.

*Court Fee Revenue:* If additional civil actions occur and court fees are collected, revenue to the state General

Fund may increase. A civil costs fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court. In addition, some or all of the document storage fee (\$2), automated record keeping fee (\$7), judicial salaries fee (\$18), public defense administration fee (\$3), court administration fee (\$5), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** *Court Fee Revenue:* If additional civil actions occur, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 civil costs fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

**State Agencies Affected:**

**Local Agencies Affected:** Trial courts, city and town courts.

**Information Sources:**

**Fiscal Analyst:** Chris Baker, 317-232-9851.